



Revenue Laws Study Committee
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The Application of the Admissions Tax to Amenities

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Amenities

- VIP parking privileges & entrances
- Preferential and/or more luxurious seating
- Access to special concession stands
- Access to concierge staff
- Access to luxury viewing suite
 - Private restroom
 - Stocked bar & refrigerator
 - Television screens
- Meeting room space
- Mascot visits
- Merchandise discounts
- Copies of game statistics
- Advance notice of upcoming events

Current Law

- A 3% privilege tax is imposed on the gross receipts of a person who is engaged in any of the following:
 - (1) Giving, offering, or managing a dance or an athletic contest for which an admission fee in excess of fifty cents (50¢) is charged.
 - (2) Giving, offering, or managing a form of amusement or entertainment that is not taxed by another provision of this Article and for which an admission fee is charged.
 - (3) Exhibiting a performance, show, or exhibition, such as a circus or dog show, that is not taxed by another provision of this Article.

1994

- Department of Revenue issues written opinion in response to taxpayer inquiry stating that amenities are excludable from the admissions tax.
 - “...this is to advise that in determining the 3% gross receipts tax due under G.S. 105-37.1 on the club-level seats and luxury suites packages, *you may exclude the charges for extra amenities* (e.g. parking privileges, access to a special concession stand, and special attendants who will take food and drink orders for patrons in those areas) included in those packages.”

2009

- On January 30, 2009, the Department issued a directive, effective the following day, reversing its position.
 - “Gross receipt taxes are computed on the admission price of the amusement. An admission price is the price paid to enter an event. Effective for tickets for admission sold on or after February 1, 2009, the gross receipts tax is due on the price paid by a customer for admission into an event regardless of whether that price just covers the seat price or also includes amenities.”

Policy Question

To Tax...

- Total price reflects price customer paid for admission.
- Excluding amenities from tax makes tax more difficult to administer.
- Excluding amenities may lead to price manipulation to avoid payment of tax.

or Not to Tax?

- Amenities are not part of admission and do not necessarily reflect price purchaser is willing to pay to view event.
- An admission ticket that includes amenities is more like a bundled transaction under sales tax and can be allocated.